

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF ROACHDALE
PUTNAM COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
11/28/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennifer Crum Vacant	01-01-06 to 10-04-07 10-05-07 to 12-31-07
President of the Town Council	William R. Long	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROACHDALE, PUTNAM COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Roachdale (Town), for the period of January 1, 2006 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 4, 2007

TOWN OF ROACHDALE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 219,404	\$ 225,315	\$ 286,865	\$ 157,854
Motor Vehicle Highway	101,001	48,316	14,542	134,775
Local Road and Street	44,263	4,779	-	49,042
Park and Recreation	1,648	20	-	1,668
Law Enforcement Continuing Education	1,850	130	-	1,980
Criminal Law Institution Grant	261	-	-	261
Economic Development Income Tax	131,573	21,207	-	152,780
Rainy Day CAGIT	6,223	-	-	6,223
Rainy Day EDIT	4,078	-	-	4,078
Cumulative Capital Improvement	28,259	3,743	-	32,002
Cumulative Capital Development	58,249	8,405	-	66,654
Proprietary Funds:				
Water Utility - Operating	36,460	122,253	129,205	29,508
Water Utility - Reserve	6,494	-	-	6,494
Water Utility - Replacement	3,952	-	-	3,952
Water Utility - Customer Deposit	10,245	1,387	1,085	10,547
Wastewater Utility - Operating	89,941	162,016	159,681	92,276
Wastewater Utility - Bond and Interest	9,359	91	-	9,450
Wastewater Utility - Reserve	74,119	559	-	74,678
Gas Utility - Operating	163,251	692,302	781,154	74,399
Gas Utility - Reserve	276,506	1,483	65,765	212,224
Gas Utility - Replacement	220,133	1,068	-	221,201
Gas Utility - Customer Deposit	25,829	4,953	3,910	26,872
Fiduciary Fund:				
Payroll	5,293	167,625	154,312	18,606
Totals	<u>\$ 1,518,391</u>	<u>\$ 1,465,652</u>	<u>\$ 1,596,519</u>	<u>\$ 1,387,524</u>

The accompanying notes are an integral part of the financial information.

TOWN OF ROACHDALE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (Indiana Code 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (Indiana Code 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF ROACHDALE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

The Town of Roachdale purchased a new Ford F350 truck on March 20, 2007, for \$34,183. The truck was financed by a five year loan with Tri-County bank.

TOWN OF ROACHDALE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

<u>Description of Debt</u>	<u>Ending Balance</u>
Business-type Activities:	
Wastewater Utility	
Loans Payable:	
SRF Loan	<u>\$ 395,000</u>

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES (Town and Utilities)

As stated in prior Report B27410, penalties, interest, and other charges were paid to the Internal Revenue Service, Indiana Department of Revenue, Indiana Department of Workforce Development, Ford Motor Credit Company, and Farmer's State Bank during 2005, 2006, and 2007, as shown below:

	<u>Amount</u>
Internal Revenue Service:	
Federal withholding taxes	\$ 31,441.77
Indiana Department of Revenue:	
State and local withholding taxes	2,972.73
Utility sales tax	14,078.75
Indiana Department of Workforce Development:	
Unemployment taxes	441.24
Ford Motor Credit Company	352.91
Nonsufficient fund bank fees	<u>50.00</u>
 Total penalties, interest, and other charges	 <u><u>\$ 49,337.40</u></u>

Jennifer Crum, Clerk-Treasurer, was requested to reimburse the Town of Roachdale \$49,337.40. (See Summary, page 15)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALARY OVERPAYMENTS (Town and Utilities)

During 2006, Jennifer Crum, Clerk-Treasurer, paid herself seven payroll checks that were in excess of the approved salary ordinance. To partially alleviate the overpayment, Jennifer Crum sacrificed one payroll check in 2007. The total salary overpayment consists of the seven payroll checks totaling \$4,340 less one payroll check not issued in 2007 for \$620, leaving an overpayment of \$3,720.

Jennifer Crum, Clerk-Treasurer, upon request, reimbursed the Town of Roachdale \$3,720 on October 3, 2007. (See Summary, page 15)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND COVERAGE

Jennifer Crum, Clerk-Treasurer, was bonded by the Old Republic Surety Company in the amount of \$20,000 for the period January 1, 2004 to January 1, 2008.

ANNUAL REPORT (Town and Utilities)

As stated in prior Reports B25043 and B27410, an annual report for 2006 was not presented for examination.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CAPITAL ASSET RECORDS (Town and Utilities)

As stated in prior Report B27410, capital asset records are not being maintained. Records providing historical costs are not available and records classifying and summarizing the capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PERSONAL EXPENSES (Town)

Town funds were used to purchase a Christmas dinner and gifts for employees.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ADVANCE PAYMENTS (Town and Utilities)

Dates of payroll checks indicate that some payments were made to employees prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROVAL OF CLAIMS (Town and Utilities)

In 2006, there were several claims that were not included on the check registers the Town Board approved.

Indiana Code 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

DELINQUENT ACCOUNTS RECEIVABLE (Utilities)

As stated in the prior Reports B25043 and B27410, Ordinance 1-1994 established the shutoff policy for delinquent customers. The Utility did not always shut off delinquent customers as required by the ordinance which resulted in a large past due balance in accounts receivable.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS (Wastewater Utility)

As stated in prior Reports B25043 and B27410, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May"

CUSTOMER DEPOSIT REGISTER (Water and Gas Utilities)

As stated in the prior Report B27410, the detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PRESCRIBED FORMS (Town and Utilities)

As stated in the prior Reports B25043 and B27410, the following prescribed or approved forms were not always in use:

- Simplified Cash Journal-Water Utility Class C (Form 319)
- Simplified Cash Journal-Wastewater Utility Class C (Form 323)
- Gas Utility Cash Journal Class C (Form 326); Register of Investments (Form 350)
- General Claim (Form 351)
- Guarantee Deposit Register (Form 314)

In addition, during 2006, Payroll Schedule and Voucher (Form 99); Employee's Service Record (Form 99A) and Employee's Earnings Record (Form 99B) were not in use. The Town and Utilities of Roachdale use Greentree software for bookkeeping purposes. No forms in use produced by Greentree have been approved by the State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROACHDALE
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2007, with William R. Long, President of the Town Council; and Jack Jones, Town Council member. The officials concurred with our findings.

The contents of this report were discussed on October 4, 2007, with Jennifer Crum, Clerk-Treasurer.

The contents of this report were discussed on October 4, 2007, with Barbara Jones, Town Council member. The official response has been made a part of this report and may be found on pages 13 and 14.

To Whom it may concern,

My name is Barbara Scott. I am a board member in the town of Roachdale IN. I am writing to you concerning our Town Clerk Jennifer Crum, Jennifer has resigned after an recent audit.

The findings of the audit has put Jennifer in alot of trouble. Although what she did was wrong I feel that any further punishment is not needed.

Living in a small town sometimes can be a burden with everyone knowing every thing that goes on. I think that the embarresment and shame she has placed on her family and friends is enough of a punishment. Jennifer has payed back the money owed from overpayment of herself and I'm sure she will make arrangements to pay back the town of Roachdale. She is a wonderful mother, wife and person who made a terrible mistake. Please take into consideration this letter I am writing. Jennifer knows

what she did was a terrible mistake
and will regret it for a long time,
Thank you for considering this
letter and I hope you will take this
issue to heart and keep Jennifer home
with her family

Barbara Scott
P.O. Box 106
Roachdale, IN 46172

TOWN OF ROACHDALE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Jennifer Crum, Clerk-Treasurer:			
Penalties, Interest, and Other Charges, page 8	\$ 49,337.40	\$	\$
Salary Overpayments, page 8	3,720.00		
Paid by Jennifer Crum, October 3, 2007			
Check 1668, Receipt 2712		3,720.00	-
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 53,057.40</u>	<u>\$ 3,720.00</u>	<u>\$ 49,337.40</u>

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AFFIDAVIT

STATE OF INDIANA)
)
PUTNAM COUNTY)

I, Gina Gambaiani-Crowder and Laura Ping Field Examiners, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Roachdale, Putnam County, Indiana, for the period from January 1, 2006 to December 31, 2006, is true and correct to the best of my knowledge and belief.

Gina Gambaiani-Crowder
Laura Ping
Field Examiners

Subscribed and sworn to before me this 14th day of November, 2007.

Marty Swatts
Clerk of the Circuit Court